

GOVERNMENT OF PAKISTAN
REVENUE DIVISION
FEDERAL BOARD OF REVENUE

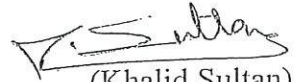
C.NO:2(51) S (TPA)Misc/2014

Islamabad the 8th December,2014

✓ Mr.Iftikhar A.Vohra
President
Karachi Chamber of Commerce & Industry (KCCI)
Shahrah-e-Liaqat,
Karachi.

Subject: AUDIT NOTICES TO TAXPAYERS WITHIN FTR.

I am directed to refer to your letter No.I-8/2014-15/7529 dated 15th November 2014 on the subject regarding exemption of FTR cases from audit under Audit Policy 2014 and to say that such exclusion/exemption from audit to FTR cases is available to the extent of income tax only. The audit policy does not provide for any exclusion from sales tax audit to cases falling in FTR under Income Tax Ordinance, 2001.



(Khalid Sultan)
Second Secretary (TPA)
Fax#051-9219211



KARACHI CHAMBER OF COMMERCE & INDUSTRY

کراچی چیمبر آف کامرس اینڈ انڈسٹری

Iftikhar A. Vohra
President

Ref. No. I-8/2014-15/ 7529
15th November, 2014

Mr. Mohammad Ishaq Dar
Federal Minister for Finance, Revenue,
Economic Affairs, Statistics & Privatization
Government of Pakistan
ISLAMABAD.

Dear Sir

Subject : AUDIT NOTICES TO TAX PAYERS WITHIN FTR

I wish to express our profound gratitude for sparing your valuable time to have a meeting with the delegation of KCCI despite your busy schedule.

As discussed during the meeting, the FBR has issued directives to the RTO's and LTU's to conduct audit of 77500 tax returns on the basis of computer balloting. As per the parameters set by FBR, the registered persons with the Fixed Tax Regime (FTR) were to be exempt from such audit since they are paying 5.5% WHT and 17% GST + 3% value addition as full and final discharge of tax liability.

Unfortunately despite very clear policy, the RTO's in Karachi have issued Audit notices to a large number of tax payers who fall within the scope of FTR. In this regard we refer to the attached letter C.No. 2 (51) S (TPA) Misc/2014/1410016-R Dated 15th October'2014 issued by Mr. M. Faisal Mushtaq Dar, Secretary (Taxpayers' Audit) in reply to this chamber's letter dated 9th October'2014 on the above subject, clearly stating in point no. (iii) that the taxpayers within FTR will be exempt from such audit.

Sir, It is indeed a fruitless exercise to conduct audit of taxpayers in the FTR. The amount paid by such taxpayers is in fact well above the actual tax liability and to conduct audit of such persons will not yield any additional amount in taxes. Rather it will put the taxpayers under hardship and will be a costly exercise for FBR. The FBR needs to take effective measures to broaden the tax net and bring the identified evaders into the taxation regime rather than trying to squeeze the compliant taxpayers. Without such measures the FBR is unlikely to achieve the revenue targets for the current fiscal year as well as in future.

I therefore request your kind intervention in this important matter and to issue directives to the FBR to withdraw the audit notices issued to the tax payers within FTR. Your early action in the matter would be appreciated.

Thanking you,
Yours sincerely

IFTIKHAR A. VOHRA